

REQUEST FOR COUNCIL ACTION

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MEETING
DATE: 1/22/2003

AGENDA SECTION: Consent Agenda/Organizational Business	ORIGINATING DEPT: Finance	ITEM NO. D-11
ITEM DESCRIPTION: Audit Engagement Letters for Fiscal Year Ending December 31, 2002		PREPARED BY: D. Martinson

On November 16 of 1998, the City Council accepted a proposal from Smith, Schafer and Associates, Ltd. to provide audit services for the five fiscal periods ending December 31, 1998, 1999, 2000, 2001, and 2002. That proposal provided for the examination of financial records and controls for the City's financial statements, audits of federal grant activity (single audit) as well as the separate financial statements of the City's Department of Public Utilities (RPU). The attached five-year cost summary outlining that proposal reflects total costs for the year-end 2002 audit of \$46,025, up 3.25% from their fee for the previous year.

Additionally, the City annually requests examination of the financial statements of the Rochester City Lines Company. The scope of the examination will include comments on the accounting procedures and controls. The firm will also prepare and review the mandatory reporting forms required by the Urban Mass Transportation Administration. The fee for this service will be at the firm's regular per-diem rates also found on the attached quote summary. These fees amounted to \$27,799 for last year's program. This fee is reimbursed through the state grant agreement.

Two separate letters found attached confirm the significant terms of engagement for these audit examinations. One provides for the general audit, while the other provides for the urban mass transit review.

COUNCIL ACTION REQUESTED:

Respectfully request a motion authorizing execution of the two letters of engagement to audit both the City's general purpose financial statements and the City's Urban Mass Transportation Program for the fiscal year ending December 31, 2002.

COUNCIL ACTION: Motion by: _____ Second by: _____ to: _____

**Smith Schafer Audit Proposal Price Quote
1998 - 2002**

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	1998		1999		2000		2001		2002	
	Total Hrs.	Total Cost	Total Hrs.	Total Cost	Total Hrs.	Total Cost	Total Hrs.	Total Cost	Total Hrs.	Total Cost
City Audit	370	\$ 23,710	370	\$ 24,350	370	\$ 25,050	370	\$ 25,625	370	\$ 26,425
Single Audit	60	3,840	60	3,900	60	4,000	60	4,100	60	4,250
Public Utility	211	13,750	211	14,100	211	14,500	211	14,850	211	15,350
Total	641	\$ 41,300	641	\$ 42,350	641	\$ 43,550	641	\$ 44,575	641	\$ 46,025

Additional Consulting Assistance Outside the Audit:

	Smith Schafer	
2002 Rates (\$/hr)	Standard	Quoted
Partners	205	117
Managers	126	95
Supervisory Staff	103	78
Staff	82	62
Other		